

107TH CONGRESS
1ST SESSION

H. R. 3384

To amend the Internal Revenue Code of 1986 to provide a credit against income tax for costs of travel for purposes of making retail purchases in States that do not impose sales tax.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 29, 2001

Mr. REHBERG (for himself and Mr. YOUNG of Alaska) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against income tax for costs of travel for purposes of making retail purchases in States that do not impose sales tax.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Consumer Travel Tax
5 Credit Holiday Act of 2001”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) Consumer confidence and spending is crit-
2 ical to a healthy United States economy.

3 (2) In order to prevent a further decline in con-
4 sumer spending, which fell 1.8 percent in September
5 2001, and consumer confidence, which is at its low-
6 est level since February 1994, the Federal Govern-
7 ment needs to provide an immediate and targeted
8 tax incentive to encourage consumer spending.

9 (3) The most immediate and targeted incentive
10 for consumption would be to reduce the price of
11 goods to consumers, which can be done most effec-
12 tively by providing a tax incentive to individuals to
13 make retail purchases.

14 (4) A 10-day consumer travel tax credit holi-
15 day, prior to the 2001 holiday season, would encour-
16 age Americans to make immediate purchases and
17 help to counteract the decline in consumer con-
18 fidence Americans have experienced since September
19 11, 2001. The direct boost to consumption resulting
20 from such tax incentive would enhance the benefits
21 of individual tax cuts provided by any Federal tax
22 stimulus legislation.

23 (5) Alaska, Delaware, Montana, New Hamp-
24 shire, and Oregon currently do not impose a State
25 sales tax. These States have worked hard to estab-

1 lish a State tax structure that does not include a
 2 sales tax. Any economic stimulus proposals relating
 3 to sales tax must include proportional relief to these
 4 five States, which have chosen not to impose a sales
 5 tax. These five sales-tax-free States should not be
 6 penalized for choosing the tax structure best for
 7 their State by being excluded from sales tax holiday
 8 relief. A tax credit for travel for the purpose of mak-
 9 ing retail purchases in those States would provide a
 10 benefit to consumers similar to a sales tax holiday
 11 in other States.

12 **SEC. 3. CREDIT FOR TRAVEL FOR PURPOSES OF RETAIL**
 13 **PURCHASES IN STATES NOT IMPOSING SALES**
 14 **TAX.**

15 (a) IN GENERAL.—Subpart A of part IV of sub-
 16 chapter A of chapter 1 of the Internal Revenue Code of
 17 1986 (relating to nonrefundable personal credits) is
 18 amended by inserting after section 25B the following new
 19 section:

20 **“SEC. 25C. TRAVEL CREDIT.**

21 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
 22 dividual, there shall be allowed as a credit against the tax
 23 imposed by this chapter for the taxable year an amount
 24 equal to the qualified travel expenses which are paid or

1 incurred by the taxpayer during the consumer travel tax
2 credit period.

3 “(b) QUALIFIED TRAVEL EXPENSES.—For purposes
4 of this section—

5 “(1) IN GENERAL.—The term ‘qualified travel
6 expenses’ means reasonable expenses in connection
7 with a qualifying personal trip for—

8 “(A) travel by aircraft, rail, watercraft, or
9 motor vehicle, and

10 “(B) lodging while away from home at any
11 commercial lodging facility.

12 Such term does not include expenses for meals, en-
13 tertainment, amusement, or recreation.

14 “(2) QUALIFYING PERSONAL TRIP.—

15 “(A) IN GENERAL.—The term ‘qualifying
16 personal trip’ means travel within the United
17 States—

18 “(i) the destination of which is Alas-
19 ka, Delaware, Montana, New Hampshire,
20 or Oregon, and

21 “(ii) the purpose of which is to pur-
22 chase at retail tangible property of a type
23 that would be subject to sales tax in any
24 State not listed in clause (i).

1 “(B) ONLY PERSONAL TRAVEL IN-
2 CLUDED.—Such term shall not include travel if,
3 without regard to this section, any expenses in
4 connection with such travel are deductible in
5 connection with a trade or business or activity
6 for the production of income.

7 “(3) COMMERCIAL LODGING FACILITY.—The
8 term ‘commercial lodging facility’ includes any hotel,
9 motel, resort, rooming house, or campground.

10 “(c) DEFINITIONS.—For purposes of this section—

11 “(1) CONSUMER TRAVEL TAX CREDIT PE-
12 RIOD.—For purposes of this section, the term ‘con-
13 sumer travel tax credit period’ means the period be-
14 ginning on December 7, 2001, and ending before
15 December 17, 2001.

16 “(2) SALES TAX.—The term ‘sales tax’
17 means—

18 “(A) a tax imposed on or measured by
19 general retail sales of taxable tangible property,
20 or services performed incidental to the sale of
21 taxable tangible property, that is—

22 “(i) calculated as a percentage of the
23 price, gross receipts, or gross proceeds,
24 and

1 “(ii) can or is required to be directly
2 collected by retail sellers from purchasers
3 of such property,

4 “(B) a use tax, or

5 “(C) the Illinois Retailers’ Occupation Tax,
6 as defined under the law of the State of Illinois,
7 but excludes any tax payable with respect to food
8 and beverages sold for immediate consumption on
9 the premises, beverages containing alcohol, and to-
10 bacco products.

11 “(3) USE TAX.—The term ‘use tax’ means a
12 tax imposed on the storage, use, or other consump-
13 tion of tangible property that is not subject to sales
14 tax.

15 “(d) SPECIAL RULES.—

16 “(1) DENIAL OF CREDIT TO DEPENDENTS.—No
17 credit shall be allowed under this section to any indi-
18 vidual with respect to whom a deduction under sec-
19 tion 151 is allowable to another taxpayer for a tax-
20 able year beginning in the calendar year in which
21 such individual’s taxable year begins.

22 “(2) EXPENSES MUST BE SUBSTANTIATED.—
23 No credit shall be allowed by subsection (a) unless
24 the taxpayer substantiates by adequate records or by
25 sufficient evidence corroborating the taxpayer’s own

1 statement the amount of the expenses described in
2 subsection (b)(1).

3 “(e) DENIAL OF DOUBLE BENEFIT.—No deduction
4 shall be allowed under this chapter for any expense for
5 which credit is allowed under this section.”.

6 (b) CONFORMING AMENDMENT.—The table of sec-
7 tions for subpart A of part IV of subchapter A of chapter
8 1 of the Internal Revenue Code of 1986 is amended by
9 inserting before the item relating to section 26 the fol-
10 lowing new item:

“Sec. 25C. Travel credit.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years ending after the
13 date of the enactment of this Act.

○